

Antonia Hover

From: Antonia Hover on behalf of Records Clerk
Sent: Friday, April 30, 2021 2:29 PM
To: 'jcohen@greenlots.com'
Cc: Consumer Contact
Subject: FW: Docket 20210016-El: Greenlots public comments
Attachments: 2021.04.30 Greenlots Public Comments.pdf

Good Afternoon, Mr. Cohen.

We will be placing your comments below in consumer correspondence in Docket No. 20210016, and forwarding them to the Office of Consumer Assistance and Outreach.

Thank you!

Toni Hover
Commission Deputy Clerk I
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399
Phone: (850) 413-6467

From: Joshua Cohen <jcohen@greenlots.com>
Sent: Friday, April 30, 2021 2:08 PM
To: Records Clerk <CLERK@PSC.STATE.FL.US>
Cc: Joshua Cohen <jcohen@greenlots.com>
Subject: Docket 20210016-El: Greenlots public comments

Dear Commission Clerk:

Greenlots respectfully submits the attached public comments in the above-referenced proceeding, Docket No. 20210016 (Duke Energy Florida's Petition for Limited Proceeding to Approve 2021 Settlement Agreement).

Please confirm receipt of these comments, and let me know if I can provide more information.

Many thanks,
Josh

Josh Cohen
Director, Policy
Greenlots
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Washington, DC 20005

Josh Cohen
Director, Policy
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April 30, 2021

Adam Teitzman
Office of the Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Via email: clerk@psc.state.fl.us

Re: SUPPORT for Docket No. 20210016-EI—Duke Energy Florida’s Petition for Limited Proceeding to Approve 2021 Settlement Agreement, Including General Rate Base Increases

Dear Mr. Teitzman:

Greenlots is pleased to submit this letter in support of the Petition for Limited Proceeding to Approve 2021 Settlement Agreement, Including General Rate Base Increases (the “Petition”) proposed by Duke Energy Florida (“DEF” or the “Company”) in the above-referenced docket. Greenlots’ support of the Petition—and these comments—are focused on the electric vehicle (“EV”) Program proposed therein.

About Greenlots

Greenlots is a leading provider of EV charging software and services committed to accelerating transportation electrification in Florida, and a wholly owned subsidiary of Shell Renewables & Energy Solutions. Greenlots’ software, services and expertise empower industries across the globe to deploy EV charging infrastructure at scale, connecting people in a safer, cleaner, and smarter way. The Greenlots network supports a significant percentage of the DC fast charging infrastructure in North America, and an increasing amount of the Level 2 infrastructure. Greenlots’ smart charging solutions are built around an open standards-based focus on future flexibility while helping site hosts, utilities and grid operators manage dynamic EV charging loads and improve system efficiency.

In Florida, Greenlots’ commercial footprint includes serving as the software management platform for more than 500 charging ports. Greenlots’ customers comprise a diverse range of entities including both investor-owned and municipal utilities, rural electric cooperatives, local governments, and commercial property owners. Notably, Greenlots’ software platform manages the charging stations that DEF owns and operates under its “Park and Plug” EV Charging Station Pilot approved by the Public Service Commission (the “Commission”) in 2017.¹

¹ See Docket No. 20170183-EI.

Greenlots has a keen interest in advancing regulatory and policy outcomes that support a strong utility role needed to deploy EV charging stations and infrastructure at this stage of the market. In Florida, Greenlots has participated in proceedings and stakeholder processes before the Commission and other bodies, including most recently the Commission's EV workshop on matters related to Senate Bill 7018, the Department of Transportation's EV Master Plan, the Office of Energy's EV Roadmap, and the Commission's review of Florida Power and Light Company's EV public charging pilot tariffs.^{2,3}

Comments

Greenlots strongly supports DEF's proposed new EV Program and respectfully urges the Commission's approval of the full program as filed.

Greenlots was a strong advocate for the passage of Senate Bill 7018 and for its recognition of the important role that both electric utilities and the Commission have for the state to achieve SB 7018's goal to "encourage the expansion of electric vehicle use in this state."⁴ The Company's EV Program directly supports this statutory goal. Its portfolio approach of tailoring different types of incentives to different use cases is well designed to accelerate EV charging deployment and EV adoption across a variety of customer segments. Moreover, the Company's use of different financial incentives—including charging station purchase rebates, off-peak charging participation incentives and utility ownership and operation of charging stations—acknowledges that multiple types of financial incentives are appropriate and, indeed, necessary, to expand EV access and adoption in an equitable way for DEF customers. The utility ownership incentive supports deployment of charging stations while creating commercial opportunity for charging companies that sell directly to utilities, and the rebate incentive supports deployment both by companies that sell to third-party site hosts and by companies that own and operate their own networks of charging stations and sell charging services directly to drivers. Taken together, DEF's portfolio of incentives directly support a range of business models, including those represented by the market participants engaged in this proceeding. However, Greenlots sees opportunity to increase rebate levels for non-utility owned public charging. Greenlots does not propose changes to the settlement, but understands that the Company proposes "flexibility to shift dollars among the various segments" and believes that higher rebate levels for non-utility owned public charging may go even further to support deployment by third-party charging companies.⁵

Greenlots observes that the docket in this proceeding includes two petitions to intervene by EV charging companies that, in part, express concerns about DEF's proposed Company-owned

² See Greenlots' comments in undocketed EV Workshop at <https://www.floridapsc.com/library/filings/2020/10405-2020/10405-2020.pdf>.

³ See Docket No. 20200170-EI. Greenlots' comments available at <https://www.floridapsc.com/library/filings/2020/09096-2020/09096-2020.pdf>.

⁴ See Laws of Florida, Ch. 2020-21 at p. 4.

⁵ DEF Petition at Exhibit 5

public charging subprogram and its impact on market competition, as well as its proposed Fast Charge Fee tariff.⁶ As noted earlier, Greenlots strongly supports the full EV Program as filed, including the Company-owned subprogram. Greenlots' perspective on the value of that subprogram is informed by our views more broadly on the state of the EV charging market, barriers to EV adoption, and the need for electric utility investment in EV charging—including ownership and operation—to overcome those barriers, accelerate EV adoption, and support competition and growth within the EV charging market.

Challenging economics contribute to a lack of charging stations

One of the most significant and challenging barriers to increased EV adoption is the lack of adequate charging stations, particularly in the context of public charging. It is critical to recognize the fundamental link between charging station visibility, availability, and EV adoption, as those factors can both confine and slow EV adoption when scarce, or act as a market and EV adoption accelerator when prominently and readily available.

Many consumers disqualify EVs from their purchasing/leasing considerations due to the lack of charging stations and the resulting concern commonly referred to as “range anxiety.” While the market is now seeing more EVs with longer ranges, many currently deployed EVs have relatively smaller batteries that are best situated to support local driving, compounding this issue. Even as EVs with 200+ mile ranges become standard, this will put increased pressure on DCFC stations both along corridors and in urban areas. While the business models for deployment and operation of both public L2 and public DCFC stations are challenging, the latter has particularly high costs to develop and is arguably the most challenging business model.

With the lens pulled out, this lack of available charging stations, which hinders EV adoption, which in turn perpetuates the challenging economics that contribute to the lack of charging stations, is a classic market failure that warrants public investment and the involvement of regulated utilities. Unfortunately, a sustainable and competitive market in the deployment of public charging infrastructure remains aspirational at this time, and it is unlikely to arise prior to the adoption of a critical mass of electric vehicles. This is primarily due to a lack of a sustainable private market business model for the ownership and operation of public charging stations based on revenues from charging activities. Some property owners who install charging stations may do so as an amenity to attract EV-driving customers whose primary expenditure is not the charging session but rather the purchase of products or services in a convenience store, for example. However, at this point in the market, those corresponding sales receipts remain largely inadequate to cover the costs of installation and operation of the charging infrastructure and stations.

⁶ See Docket No. 20210016-EI, Petitions to Intervene by ChargePoint, Inc. and EVgo Services LLC.

Writ large, this dynamic has thus far resulted in a fundamentally inadequate amount of private investment in such charging infrastructure. The unfortunate result is that economics simply don't support sufficient private investment to adequately grow the infrastructure market to support current and future drivers and their adoption decisions.

Competition within the EV charging marketplace

The electric utility is uniquely positioned to serve as a motivated buyer that spurs market competition within the EV charging industry. While some market competition exists between a relatively small but expanding field of sellers of EV charging products and services to motivated investors/site hosts, motivated buyers are relatively few and far between in the market more broadly. Those that are participating in the market are often purchasing at a small scale that lacks the value of wholesale-level procurement, and for market segments such as public charging there is not a competitive and profitable market for offering these services directly to drivers. This void persists despite significant private capital being invested in technology companies supporting transportation electrification.

Per basic economic theory, no number of suppliers results in a competitive market in the absence of a sufficiently large number of consumers or motivated buyers. So, while there may be an insufficient volume of EV drivers on the road today to meet this condition, utility investment in charging infrastructure will strengthen the demand side of the equation and directly help accelerate EV adoption and, by extension, the health and growth of the market.

The utility as a market transformer

The electric utility is uniquely positioned to advance the market past early-stage barriers and accelerate it across a number of key customer segments, which Greenlots firmly believes DEF's EV Program is designed to do. In this way, the electric utility supports competition, improves the environment for private investment, and—notably—serves as a market transformer. In this respect, Greenlots agrees with the inclusive and flexible role the Washington Utilities and Transportation Commission (“UTC”) has envisioned for utilities, as expressed in its seminal Policy Statement. This view is so salient because it is firmly rooted in a clear understanding of the state of the EV market and EVs, which even today remain an emerging technology. In its Policy Statement, the UTC wrote:

Market transformation is the process of getting these new products to a wider audience, removing market barriers, and exploiting opportunities to make the new market mainstream. For energy efficiency technologies, this is done through programs promoting the product and voluntary efficiency standards. The ultimate goal of market transformation is for the product to become accepted by the general public and adopted into codes and standards.

The challenge facing the expansion of EVs is similar to the challenge facing energy efficiency technologies before market transformation...there are three main barriers to additional adoption of EVs: price, range and charging availability, and low consumer awareness. *Charging availability and consumer awareness, in particular, are barriers that electric utilities are naturally positioned to address.* (emphasis added)⁷

Indeed, when considering the right role for the utility in a broader market context, it is necessary to differentiate between a mature, profitable private market and a nascent, largely pre-profit market that is still in the “emerging technology” stage described by the UTC. Regulatory guiderails that may be appropriate and warranted for a mature market may be inappropriate and even detrimental for a nascent market.

Florida’s EV charging market cannot realistically be viewed as competitive, if by competitive one means profitable. Despite the enormous value that transportation electrification writ large offers to the grid and ratepayers, as a stand-alone commercial enterprise it remains generally unprofitable to deploy, own and operate EV infrastructure and charging stations today. Electric utilities such as DEF are uniquely positioned to address this market failure and accelerate the market towards a state of profitability and sustainability. Greenlots encourages the Commission in the future to take steps to analyze development of the market and identify deployment contexts most needful of ongoing or additional investment.

Competitively neutral policies require a range of utility investment approaches

There are several aspects to competitively neutral policies in the EV charging marketplace. These include support for a variety of business models, direct utility procurement and site host choice.

When considering competitively neutral policies, it is important to note that the EV charging industry encompasses companies with a diversity of business models, products and services. This is not a one-dimensional market. A small number of charging companies have a business model in which they own and operate their own network of charging stations and provide charging to the end-use driver. In contrast, Greenlots’ business model is largely one in which Greenlots sells its products and services to a client that procures, owns and operates charging stations and, in turn, provides charging to the end users—the drivers.

In some regulatory proceedings, Greenlots has seen stakeholders and even regulators be unsupportive of utility ownership of EV charging stations based upon a well-intended but mistaken presumption that such ownership will stifle competition and the growth of the private

⁷ Policy and Interpretive Statement Concerning Commission Regulation of Electric Vehicle Charging Services, *In re Rules in WAC 480-100 Rulemaking to Consider Policy Issues Related to Electric Vehicle Supply Equipment*, WUTC Docket UE-160799, at 29-30 (Issued June 14, 2017) (“UTC Policy Statement”), available at <https://www.utc.wa.gov/docs/Pages/ElectricVehicleSupplyEquipment,DocketUT-160799.aspx>.

market. In fact, the opposite is the case. By growing the installed fleet of charging stations, utility investment and ownership will help spark EV purchasing decisions, accelerate adoption and grow the total customer base. This will advance the market closer to an inflection point where asset utilization rates of charging stations can attract greater private investment to sustain a healthy, competitive future market.

Indeed, regulatory frameworks that restrict utility ownership and operation of EV charging infrastructure at this stage of the market not only hinder EV adoption and constrain demand for charging services, they distort the market by advantaging certain business models and disadvantaging others. Disallowing utility ownership of charging stations at this stage of the market undermines the very goal of market neutrality that such disallowance is often intended to support.

In addition, in some regulatory proceedings, Greenlots has also seen stakeholders and regulators restrict the ability of utilities to procure and select hardware and/or software for utility-provided EV charging programs. Greenlots is convinced that allowing the exercise of reasonable utility discretion in making decisions regarding procurement, selection, and management of charging hardware and software offers multiple benefits including lower costs and increased competition in the marketplace.

A utility-led wholesale-level procurement increases the likelihood of driving down costs and offering the utility—and its ratepayers—more value for every dollar spent. These benefits of utility procurement apply both to scenarios in which the utility directly owns the charging station and scenarios in which a third-party customer or site host participating in the utility program owns the charging station that the utility has procured.

Direct utility procurement also supports competition in the market for EV charging products and services. Indeed, there is a prevalent but inaccurate view of the market that competition exists only at the retail level, where naturally occurring market opportunities are limited. A focus only on the retail or third-party market for charging stations historically has led to less sophisticated purchasing and planning decisions by customers with little technical knowledge or meaningful negotiating leverage.

The wholesale-level competition that stems from utility procurement of hardware and software introduces a significant, motivated and sophisticated buyer to a market that generally otherwise lacks one and represents the purest form of competition in today's market, based on product features, price, service, etc. It also is often inclusive of a broader value range that includes software, management, ongoing operation and maintenance, and future interoperability and flexibility than the retail market on its own tends to support. This allows different types of players, regardless of size or market position, to compete on a leveled playing field.

Customer choice is indeed an important aspect of a competitively neutral policy. In the context of a utility EV charging program, Greenlots views the utility as the customer. The utility should

have the appropriate flexibility to design its program and procurement strategy and select its hardware and software partners. The site host should have the choice of whether or not to participate in the utility's charging program, but not to choose for the utility how to design its EV charging program and procurement strategy or select its hardware and software partners.

Support for proposed Fast Charge Fee

DEF's Petition seeks Commission approval for the new proposed Fast Charge Fee ("FCF-1") tariff. The Company proposes to set driver pricing "based on the average cost for Fast Charging provided by other Fast Charging operators across Florida."⁸

Greenlots supports the ability of utilities such as DEF to set driver pricing for utility owned and operated charging stations. Indeed, this pricing control is an important part of a broader vision that Greenlots sees as critical to ensuring a positive driver experience for utility-provided service, namely the uniform expectation of pricing, reliability and customer service. Effectively, a driver should be able to pull up to any individual utility-owned charging location and have the same experience there as anywhere else within that network. This is not to exclude a utility from offering a range of pricing options, for instance, to offer incentives to participate in managed charging or other strategies to manage load locally or in aggregate. Put simply, a consistent user experience is a critical element for driving EV adoption.

Pricing has proven to be key to behavior—especially in regard to adopting electric vehicles. On the one hand, if a site host sets pricing too high and reduces or even eliminates the relative savings of driving an EV, that reduces the single largest incentive drivers have for choosing an electric vehicle, namely cost savings. On the other hand, pricing that is discounted to the extent that it fails to reflect the cost of electricity can create an expectation that such discounted pricing is the norm. If such artificially discounted pricing is perpetuated as EV adoption scales, it could create a ratepayer burden rather than benefit. Such non-cost-reflective pricing can skew charging economics and could implicate ratepayer cost rather than ratepayer benefit. This can particularly be the case in the context of public fast charging which is among the costliest charging infrastructure contexts to deploy and operate.

Taking this example even further, Greenlots believes that technology-based managed charging will become more and more essential to manage the impact of EVs on the grid and manage locational charging costs as EV penetration increases. Clear price signals that reflect the cost of electricity in real time are essential to the efficacy of managed charging. Free or deeply discounted pricing—often implemented by third-party owner/operators that are not subject to regulatory oversight—may therefore undermine the effectiveness of managed charging as a tool to manage load, avoid costly peak demand, and help apply downward pressure on rates to the benefit of all ratepayers. On the other hand, pricing set by a regulated utility following

⁸ DEF Petition at p. 12.

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Commission approval—such as the FCF-1 pricing DEF is proposing—appears to be an effective—
if high level—strategy to assure such pricing aligns with and supports the broader grid benefits
that managed charging can provide.

In Closing

Greenlots supports the EV Program proposed in DEF's Petition and Settlement Agreement, and
considers it to be a well-designed approach to equitably expand access to EV charging across
multiple customer segments and use cases, spur the growth of the still-nascent private EV
charging market, be used and useful, be in the public interest, and more broadly support the
finding of the Florida Legislature as expressed in 2020's SB 7018 that "ensuring the prompt
installation of adequate, reliable charging stations is in the public interest."⁹ Greenlots
respectfully urges the Commission to approve the EV Program as filed.

Respectfully submitted,



Josh Cohen
Director, Policy

⁹ Laws of Florida Ch.2020-21 §339.287(1)(f)